

HOUSE No. 390

By Mr. Marzilli of Arlington, petition of J. James Marzilli, Jr., and others for legislation to provide creditable service for retirement purposes for maternity resignations and improving retention and retirement of public employees. Public Service.

The Commonwealth of Massachusetts

PETITION OF:

J. James Marzilli, Jr. Joyce A. Spiliotis
Byron Rushing

In the Year Two Thousand and Five.

AN ACT IMPROVING RETENTION AND RETIREMENT OF PUBLIC EMPLOYEES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Subdivision (1) of section 4 of chapter 32 of the
2 General Laws, as amended by chapter of the acts of 2000, is
3 hereby amended by inserting after paragraph (g 1/2) the
4 following paragraph:—
5 (g 3/4) The period or periods prior to 1975 during which any
6 member in service of the state employees' retirement system or a
7 county, city or town contributory retirement system resigned for
8 the purposes of maternity leave or was on unpaid leave of
9 absence for such purposes from the governmental unit and had
10 established membership in a Massachusetts contributory retire-
11 ment system shall be allowed as creditable service, on a propor-
12 tionate basis which the board shall determine according to rules
13 and regulations adopted by the board and approved by the com-
14 mission; provided, that no credit shall be allowed unless such
15 member has paid into the Annuity Savings Fund of the system by
16 December 31, 2004, in one sum or in installments, upon such
17 terms and conditions as the board may prescribe, an amount
18 equal to the deductions that would have been withheld had the
19 member continued in service, as determined by the board,

20 together with regular interest; provided, further, that no credit
21 shall be allowed and no payment shall be accepted under this
22 paragraph until such member shall have completed ten or more
23 years of membership service; provided, further, that in the event
24 any such member completes ten years of service after December
25 2004, said member shall be permitted to make payment under this
26 paragraph within eighteen months of the date he has completed
27 ten years of service. The maximum creditable service allowable
28 under this paragraph for any member shall not exceed four years.

1 SECTION 2. Section 5 of said chapter 32, as amended by
2 section 2 of chapter 114 of the acts of 2000, is hereby further
3 amended by adding the following subdivision:— (4)(j) Notwith-
4 standing the provisions of this chapter or any other general or
5 special law to the contrary, there is hereby established an alterna-
6 tive superannuation retirement benefit program for members of
7 the state employees' retirement system or a county, city or town
8 contributory retirement system who are classified in Group 1 and
9 Group 2 of paragraph (g) of subdivision (2) of section 3. Partici-
10 pation in said program shall be mandatory for all employees hired
11 on or after July 1, 2004. Such members shall make contributions
12 to the-state employees' retirement system or a county, city or
13 town contributory retirement system at the rate of 11 per cent on
14 all regular compensation. Any member of the state employees'
15 retirement system or a county, city or town contributory retire-
16 ment system before July 1, 2004 may elect to participate in the
17 alternative superannuation retirement benefit program. Said elec-
18 tion shall be made on or after January 1, 2004 and before July 1,
19 2004. Any member of a contributory retirement system who trans-
20 fers into the state employees' retirement system or a county, city
21 or town contributory retirement system may elect to participate in
22 the alternative superannuation retirement benefit program; pro-
23 vided, that said election shall occur within 180 days of estab-
24 lishing membership in state employees' retirement system or a
25 county, city or town contributory retirement system. The election
26 to participate in the alternative superannuation retirement benefit
27 program shall be irrevocable. Any member who elects to so par-
28 ticipate shall be required to make a minimum of five years of
29 retirement contributions at the rate of 11 per cent of regular com-

30 pension pursuant to section 22; provided, however, that if said
31 member elects to retire before he has made said five years of con-
32 tributions at 11 per cent, said member shall pay, in one sum or in
33 installments as the board may prescribe, an amount equal to that
34 which would have been withheld its regular deductions at the rate
35 of 11 per cent from his regular compensation for such five year
36 period based on his last 12 months of regular compensation less
37 contributions made during said member's last five years of cred-
38 itable service; provided, further, that any inactive member who
39 elects to retire before he has made said five years of contributions
40 at 11 per cent, said member shall pay, in one sum or in install-
41 ments as the board may prescribe, in amount equal to that which
42 would have been withheld as regular deductions at the rate of 11
43 per cent from his regular compensation for such five-year period
44 based on the last 12 months of regular compensation which would
45 have been paid to said inactive member had said member con-
46 tinued in the position from which he is currently inactive less
47 contributions made during said member's last five years of cred-
48 itable service. Any schedule permitting an acceleration of contri-
49 butions shall be consistent with the plan qualification
50 requirements of the Internal Revenue Code and shall, where nec-
51 essary to meet the requirements of the Internal Revenue Code,
52 provide for an actuarial reduction of benefits by the actuary
53 appointed by the commission in accordance with the provisions
54 of section 21. Any member who elects to participate in the alter-
55 native superannuation retirement benefit program and pays addi-
56 tional contributions pursuant to this section and does not complete
57 25 years of creditable service shall upon termination from mem-
58 bership in or retirement from the system be reimbursed such addi-
59 tional contributions, plus regular interest, as determined by the
60 state retirement board. (ii) The normal yearly amount of the
61 retirement allowance for an eligible employee who has completed
62 at least 25 years of creditable service and has paid the full amount
63 of regular deductions on the total amount of regular deductions
64 on the total amount of regular compensation as determined under
65 paragraph (a) of subdivision (2) shall be based on the average
66 annual rate of regular compensation as determined under said
67 paragraph (a) and shall be computed according to the table con-
68 tained in said paragraph (a) based on the age of such member and

69 his number of years and full months of creditable service at the
70 time of his retirement with the percentage of salary average in
71 such computation to be increased by 2 per cent per year for each
72 full year of service in excess of 24 years of creditable service. For
73 any member who retires prior to age 55, his age factor shall be
74 determined in accordance with subdivision (1) of section 10. For
75 any member who retires before completing 25 years of service,
76 such member shall receive a retirement allowance equal to the
77 retirement allowance that the member would have been eligible
78 for had he not participated in the alternative superannuation retire-
79 ment benefit program. The total normal yearly amount of the
80 retirement allowance, as determined in accordance with the pro-
81 visions of this subdivision, of any employee who retires and
82 receives an additional benefit under the alternative superannuation
83 retirement benefit program shall not exceed four-fifths of the
84 average annual rate of his regular compensation received during
85 any period of three consecutive years of creditable service for
86 which the rate of compensation was the highest or of the average
87 annual rate of his regular compensation received during the period
88 or periods, whether or not consecutive, constituting his last three
89 years of creditable service preceding retirement, whichever is
90 greater.

1 SECTION 3. Subdivision (3) of section 21 of said chapter 32,
2 as so appearing, is hereby amended by adding the following para-
3 graph:—

4 (h) In consultation with the state board of retirement, or the
5 board appropriated county, city or town contributory retirement
6 system, review and analysis of information required under subdivi-
7 sion (4) of section 5 and the valuation of the annual costs and
8 actuarial liabilities attributable to the additional benefits payable
9 under said subdivision (4). Said analysis shall focus on the contri-
10 butions made by members and the normal cost of benefits, plus
11 any other liabilities determined by the actuary to be a result of
12 such benefit changes under said subdivision (4). Said analysis
13 shall also compare the total costs and actuarial liabilities attribut-
14 able to those members who retire under the provisions of subdivi-
15 sion (4) with the members classified in Group 1 and Group 2 of
16 paragraph (g) of subdivision (2) of section 3 who do not retire

17 under the provisions of said subdivision (4). Beginning January 1,
18 2004, and every year thereafter, the actuary shall forward such
19 analysis to state board of retirement, or the board appropriated
20 county, city or town contributory retirement system, the clerks of
21 the house of representatives and the senate, the house and senate
22 committees on ways and means and the joint committee on public
23 service.

1 SECTION 4. Subdivision (1) of section 22 of said chapter 32, ,
2 as amended by chapter 114 of the acts of 2000, is hereby amended
3 by striking out paragraph (b) and inserting in place thereof the
4 following paragraph:— (b) The treasurer or other disbursing
5 officer in charge of payroll in any governmental unit to which a
6 system pertains, and the treasurer or other disbursing officer in
7 charge of payrolls in any free public library the employees of
8 which are eligible for membership in a system, shall, upon
9 written notice from the board, withhold on each pay day 5 per
10 cent of the regular compensation of each employee who is a
11 member in service of the system, which is received on the day by
12 the member on account of service rendered to him on or after Jan-
13 uary 1, 1946, and not later than the date of his attaining the max-
14 imum age for his group, in the case of an employee who entered
15 the service of the commonwealth or a political subdivision
16 thereof prior to January 1, 1975; withhold on each pay day 7 per
17 cent of the regular compensation of each employee who is a
18 member in service of the system, which is received on the day by
19 the member on account of service rendered by him on or after
20 January 1, 1975, and not later than the date of his attaining the
21 maximum age for his group, in the case of an employee who
22 entered the service of the commonwealth or a political subdivi-
23 sion thereof on or after January 1, 1975, but prior to January 1,
24 1984; and withhold on each pay day 8 per cent of the regular com-
25 pensation of each employee who is a member in service of the
26 system, which is received on the day by the member on account of
27 service rendered by him on or after January 1, 1984, and not later
28 than the date of his attaining the maximum age for his group in
29 the case of an employee who entered the service of the common-
30 wealth or a political subdivision thereof on or after January 1,
31 1984, but before July 1, 1996; and withhold on each pay day 9

32 per cent of the regular compensation of each employee who is a
33 member in service of the system, which is received on the day by
34 the member on account of service rendered by him on or after
35 July 1, 1996, and not later than the date of his attaining the max-
36 imum age for his group, in the case of an employee who entered
37 the service or the commonwealth or a political subdivision
38 thereof on or after July 1, 1996; and withhold on each pay day 12
39 per cent of the regular compensation of each employee who is a
40 member of the state police appointed pursuant to section of
41 chapter 22C, and is a member in service of the system, which is
42 received on the day by the member on account of service ren-
43 dered by him on or after July 1, 1996, and not later than the date
44 of his attaining the maximum age for his group, in the case of an
45 employee who entered the service of the state police on or after
46 July 1, 1996; and withhold on each pay day 11 per cent of the reg-
47 ular compensation of each employee who participates in the alter-
48 native superannuation retirement benefit program established
49 under subdivision (4) (j) of section 5 on account of such service
50 rendered by him on or after July 1, 2004; and withhold on each
51 pay day 11 per cent of the regular compensation of each employee
52 who participates in the alternative superannuation retirement ben-
53 efit program established under subdivision (4)(j) of section 5 on
54 account of such service rendered by him on or after July 1, 2001;
55 provided, however, that in the case of any teacher the withholding
56 shall be made upon written notice from the school committee or
57 board of trustees or other employing authority, to the treasurer or
58 other disbursing officer of the political subdivision by which such
59 teacher is employed;

1 SECTION 5. Paragraph (b 1/2) of said subdivision (1) of said
2 section 22 of said chapter 32, as amended by chapter 114 of the
3 acts of 2000, is hereby deleted and amended by inserting the
4 following sentence:—

5 The additional contributions required under this paragraph shall
6 not apply to any employee who participates in the alternative
7 superannuation retirement benefit programs established in subdi-
8 vision (4) of section 5.

1 SECTION 6. No employee shall be retired under the alternative
2 retirement benefit program established under subdivision (4)(j) of
3 section 5 of said chapter 32 of the General Laws before July 1,
4 2004.